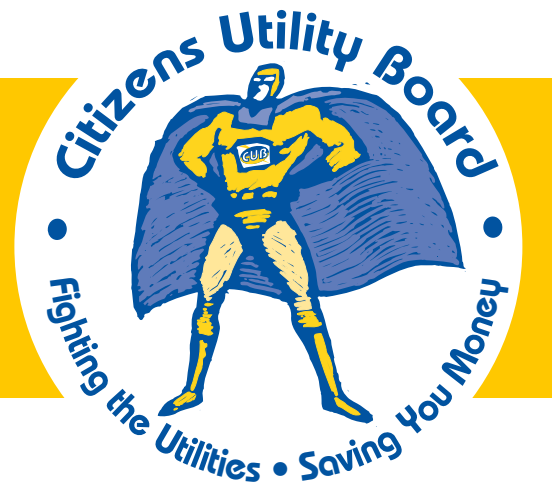


CUB Reporter

Citizens Utility Board Newsletter • SPRING 2012



CUB Helped Save Ratepayers \$143 Million in 2011

During 2011, CUB intervened on your behalf in several cases at the Public Service Commission in which utilities were seeking to raise electric rates or to build new power plants. The PSC accepted many of CUB's suggestions for ways to lower costs to consumers, saving \$143 million on future electric bills.

Hard work by CUB's staff and consultants, plus good decisions by the commissioners of the Public Service Commission, made these savings possible. Below are descriptions of the cases, CUB's recommendations, and the decisions by the PSC (the numbers in parentheses are the "docket" numbers that identify the case at the PSC). You can view all the documents submitted in each case, including CUB's expert testimony and legal briefs, by entering the docket number on the PSC's website, <http://psc.wi.gov>.

Alliant Energy, Fuel Rules for 2012 Rates, 6680-FR-104

On May 18, 2011, Alliant Energy filed an application with the PSC to increase electric rates by \$13.4 million, or 1.3 percent, due to projected increases in the cost of fuel for making electricity.

Alliant updated its rate increase request to \$20 million, or 2.0 percent, on August 17, 2011, citing additional fuel costs due to air pollution rules promulgated by the U.S. Environmental Protection Agency. PSC staff refined Alliant's request to \$30 million, or 3.1 percent.

CUB's expert witness, Resource Insight, reviewed revenue allocation and rate design issues, the reasonableness of Alliant's fuel cost plan, and analyzed whether Alliant's expected costs were appropriate for complying with the Cross-State Air Pollution Rule.

The PSC issued its final decision on December 23, 2011, allowing Alliant to increase electric rates by \$4.4 million, or 0.4 percent. The PSC agreed with

CUB and others and rejected Alliant's request to increase rates by \$22 million to comply with the air pollution rule, which was temporarily stayed on December 30, 2011.

Madison Gas & Electric, Re-Opener for 2012 Rates, 3270-UR-117

On May 4, 2011, MGE filed a request with the PSC to raise electric rates by \$17.9 million, or 4.9 percent. MGE updated its proposed rate hike on August 26, 2011, to \$21.5 million, or 5.9 percent. On November 10, 2011, it increased its request to \$35 million, or 9.7 percent to recover costs from EPA's proposed Cross-State Air Pollution Rule.

MGE said the other main drivers for the electric rate increase were higher costs for fuel to make electricity, and higher costs to purchase electricity for re-sale to customers.

CUB hired La Capra Associates as an expert witness to determine whether MGE's projection of fuel and purchased power costs were appropriate.

The PSC issued its final decision on December 15, 2011, and allowed MGE to increase electric rates by \$15.6 million, or 4.3 percent. The PSC agreed with CUB and others and rejected MGE's request to increase rates by \$14 million to comply with the air pollution rule.

Unfortunately, the PSC decided to raise the rates for residential and commercial customers in part to pay for a discount to Airgas Merchant Gases, which distributes industrial, medical, and specialty gases. Airgas will receive about \$100,000 in subsidies through lower electric rates, with the subsidies paid for by MGE's other customers.

We Energies, Biomass Power Plant, Docket 6630-CE-305

On March 15, 2010, We Energies asked the PSC for

continued on page 6 →

CUB
BOARD OF DIRECTORS

President

Donald Wichert
Madison

Vice President

Paula Hogan
Madison

Secretary

Andy Olsen
Madison

Treasurer

Gretchen Schuldt Doege
Milwaukee

J. Timothy Lovett
Oconomowoc

Rodney Stevenson
Madison

Russell Wallace
Madison



CUB Staff

Executive Director

Charlie Higley

Associate Director

Phil Kerckhoff

Research Director

Dennis Dums

General Counsel

Kira Loehr

**Manager of Communications
& Outreach**

Richard Storck



www.wiscub.org
608.251-3322
Staff@wiscub.org



From the Executive Director

With good decisions from the Public Service Commission, CUB was able to help save consumers over \$143 million on their electric rates in 2011.

This newsletter describes some of the work we did to win these savings for you.

For example, CUB made suggestions to reduce rate increases by Alliant Energy, Madison Gas & Electric, Wisconsin Public Service Corp., and We Energies. The PSC agreed with many of our suggestions, trimming over \$110 million off the rate increases sought by the utilities.

In addition, CUB was able to save the ratepayers of We Energies more than \$30 million for its new power plant being built near Wausau.

With a small staff and a very modest budget, CUB has been able to save you and other ratepayers over \$1.9 billion since 2008.

Looking to 2012, CUB will have plenty to do, with all of Wisconsin's major utilities likely seeking increases in electric rates for 2013.

Their reliance on coal-fired power plants exposes us to the ever-increasing costs of using coal to produce electricity: several utilities have recently built several large coal-fired power plants, which are causing your rates to increase. Coal prices have gone up greatly since 2003. Expensive pollution controls are being added to many coal plants to reduce the tremendous amount of pollution emitted from these plants, which has caused thousands of deaths, billions in health care costs, and impaired economic activity.

Meanwhile, Governor Scott Walker signed the state's two year budget June 2011, which chops over \$300 million in investments in energy efficiency over the next few years. Though Focus on Energy still has an annual budget of \$100 million, Gov. Walker's action will limit investments in energy efficiency, despite the tremendous cost savings energy efficiency programs create. Not only cost savings, but energy efficiency



investments create Wisconsin jobs and reduce pollution.

Unfortunately, Gov. Walker and legislators have ignored our calls to restore these cuts in funding for Focus on Energy, which will likely cause you and other energy users to pay \$800 million more in energy bills through 2014. In 2012 and beyond, we will continue calling for increasing investments in energy efficiency, the best way to help consumers reduce their energy bills in the face of ever-increasing rate hikes due to coal.

Proposals for new transmission lines will also be on CUB's agenda for 2012. A new \$200 million high-voltage line has been proposed between Alma and La Crosse, and CUB has challenged whether this new line is needed. The Public Service Commission will likely decide the fate of this project by June 2012.

Several utilities have also proposed building new transmission lines to serve Michigan's Upper Peninsula. And, American Transmission Company wants to build a new high-voltage line between Madison and La Crosse. CUB will intervene in these cases and challenge whether the projects are needed and their costs.

In short, 2012 looks as busy as any recent year at CUB.

Thanks, again, to all our members and organizations that support our efforts. We hope to keep on saving you money.

Priorities for 2012

Citizens Utility Board

(CUB) is a member-supported, nonprofit organization whose purpose is to:

- Provide public interest legal services to ensure effective and democratic representation of residential utility customers before regulatory agencies and the courts;
- Advocate for reliable, affordable, and sound utility service; and
- Educate consumers on utility service through the preparation, compilation, analysis, and dissemination of information and resource materials relating to utility regulation and public energy and telecommunications policy.

Citizens Utility Board

16 N. Carroll St., Suite 640
Madison, WI 53703

•
608.251.3322
608.251.7609 fax
800.657.4727
•

<http://www.wiscub.org>
staff@wiscub.org



CUB's Lawsuit at the Wisconsin Supreme Court

CUB's general counsel, Kira Loehr, will be making oral arguments before the Wisconsin Supreme Court on April 17, 2012. The court will be reviewing CUB's lawsuit against the Public Service Commission for ignoring state law in approving a 200-megawatt wind power project known as Bent Tree, which was built in Minnesota, and which is owned by Alliant Energy and being paid for by Alliant's Wisconsin customers.

CUB and the Wisconsin Industrial Energy Group filed the lawsuit against the PSC on August 28, 2009, because the PSC reviewed the project for a "certificate of authority," or CA, rather than reviewing the project for a "certificate of public convenience and necessity," or CPCN, which requires a more thorough review than a CA.

In filing the lawsuit, WIEG and CUB argued that the PSC ignored Wisconsin law, which prohibits building a power plant of 100 megawatts or more unless the project has received a CPCN.

This case is of statewide importance because significantly less review by the PSC is required in granting a CA, and customer groups like CUB and WIEG may have no opportunity to provide testimony and legal opinions regarding a proposed project's appropriateness for providing Wisconsin consumers with electricity at reasonable prices.

Though the Dane County circuit court rejected the lawsuit on September 22, 2010, the Wisconsin Court of Appeals "certified" our case to the Wisconsin Supreme Court on November 23, 2011, and the Supreme Court accepted our case on December 14, 2011. We hope for a decision sometime in 2012.

Electric Rate Increases for 2013?

During 2012, CUB expects most of Wisconsin's major utilities will seek permission from the PSC to charge higher electricity rates in 2013. Alliant Energy, Madison Gas & Electric, We Energies, Wisconsin Public Service Corp., and Xcel Energy are all expected

to seek higher electricity rates for 2013.

All of these utilities will also go before the PSC to compare the costs of purchasing fuel for making electricity in 2011 with the amount collected from ratepayers for this purpose. Ratepayers could end up paying more, or receive a refund, if the costs for purchasing fuel differ from the amounts collected from ratepayers.

CUB will be intervening in these cases, looking for ways to reduce the size of rate increases sought by the utilities.

Alliant Energy, Riverside Energy Center, 6680-EB-105

On November 30, 2011, Alliant Energy filed an application with the Public Service Commission to purchase the Riverside Energy Center, a 600 megawatt natural gas-fired combined cycle power plant located in Beloit, for approximately \$392 million.

CUB will analyze whether the proposed purchase is in the public interest. A decision by the PSC is expected in April 2012.

Dairyland Power Cooperative, WPPI Energy, and Xcel Energy, Alma to La Crosse 345 kV Transmission Line, 05-CE-136

On December 21, 2010, Dairyland Power Cooperative, Xcel Energy, and WPPI Energy applied for permission from the PSC to build a 345,000 volt transmission line between Alma and La Crosse. The line would cross the Mississippi River at Alma and connect to another transmission line near Kellogg, MN, and this line would run toward Hampton, MN. The line in Wisconsin would be up to 55 miles long and cost up to \$233 million. The line in Minnesota is not part of the Wisconsin project.

CUB has hired La Capra Associates as an expert witness, who is reviewing whether the transmission line is needed, whether smaller transmission lines could work instead, and whether the cost of the project is reasonable.

The PSC will likely decide the case by June 2012.

Friends of CUB Donors (\$100 and up) from September, 2011 to February, 2012

Richard Abdo
Debra Acker
Kai and Jill Andersen
Anonymous
Roy Arndt
Peter and Marie Becher
Kathryn Behling & Christopher Hansen
David and Carolyn Benforado
Charles Benish
William and Ann Beverly
Floyd and Barbara Blackmore
Robert and Diane Bless
Jonathan Blick
Jeffrey Bloohm
Dr Charles Boardman
Dennis Bolstad
Todd Brachman
Jim and Mary Brill
Barbara and Jeffrey Brochtrup
Chip Burke
Elaine Burke
Stanley and Ann Carlson
Vernon Childs
Sandra Christensen
Roxanne Ciatti
Bill Colby
Kenneth Cooley
Philip Daub
Dorothy Dean
Warren and Nancy DeKraay
Rosario and Penny DePaola
Margarita Dusek
Ivan Eckholm
Dr Ivy Edelman

Janis Edwards
Frederick and Juanita Ehrke
Betty Ermatinger
Denlinger Drumm Family
Wendy Fearnside & Bruce Meier
Kristin and Robert Fewel
Phil Fisher
Paul and Connie Flag
Roberta Forman
Marie Fraser
Gary and Bonnie Friedman
Susie Marie Fritz Jablonic
Chris Geisler
Ted Goeres
Charles and Patricia Gohs
Norma Gracey
Robert Greenler
Susan and Howard Gundlach
Harold and Ruby Halfin
Jim Hammitt
James Harkonen
Henry Hart
James and Lynn Heindl
Joseph and April Heindl
Gertrude Hessel
Elizabeth Himpfel
Julie Hoel
Richard Honeyager
Kate Houston
John and Irene Igers
Ruth Jonen
Phil Kerckhoff
Margaret Kindig
David Kinyon

Mary Koenes
Janet Koerner
Paul and Audrae Kulas
Mary F Kurth
Lawrence Landwehr
Jennie Lane
Tom Lonsway
W H Love
Steve and Sue Macejkovic
Wayne and Gayle Mauer
James McLeer
John and Linda Melski
Lou Metz III
Gerry Miller
Lucia and Jack Murtaugh
James Newton
Barbara Norene
Ellen Ochs
Andy Olsen
Barbara Parsons
Edward Paulsen
Curt Pawlisch
Kathryn Philipp
Richard Pieper
Tom and Susan Porter
John Powell
Fran and Louis Rall
Robin Reed
Ray and Helen Robinson
Joel Rogers & Sarah Siskind
Janet Ross
Thomas Rudy
Colleen Ryan
Dennis and Sharon Ryan
Jan Saecker

Mick Sagrillo
C J and Joan Schatzman
Roy Schenk & Kathryn Seifert
Joseph and Jane Schirmer
Jon Schoenbeck
Charles and Anne Scott
John Seidl & Karen Huske
Gustave Sevela
James and Shirley Seymour
James and Kathlin Sichel
Joe and Marlys Sloup
Mary Smith
Marilyn Smits
Marguerite Soffa
Randal Sprecher
Don Springer & Viking Electronics
Barbara St George
Lawrence and Mary Teofilo
Local 1343 United Steel Workers Of America
Lloyd Velicer & Sharon Mulak
Michael Vickerman & Pamela Weisen
Bastiaan Wakker
Todd Walker
Kathleen and Don Weber
Donald Wendorff
Carol Wendt
David Wernecke
Donald Wichert
Sharon Wolf
Thomas Woppert
Dan York
George Zografis

2012 CUB Sustainers

Susan Blumer
Mary Frances Bullamore
Amy and Dave Calkins
Robert and Marina De Wet
Arthur and Pauline Hall
Jean Hamann

Ken and Lois Kamps
Amy Kirkland
Ed and Margaret Knop
Louise Petering
Lucille Repka
Tim Scallon

Anne Schmidt
Glenn and Mary Schnadt
Bonita Strauss
James Van Deurzen & Roseanne Cheeseman
Margaret and Daryl Wood

New CUB Members from September, 2011 to February, 2012

June Albert
Geraldine Allen
Dolores Alsteen
Curt Andersen
Philip Anderson
Margaret Balcier
Anthony Banaszynski
Richmond Banks
Greg Baretta
Louette Bartol
Bob Bastian
Robert Bauer
John Beaupre
Kris Becker
James D. Bendtsen
Charles Benish

Watson Bennett
Bruce Benson
Brian Bentel
Carol Berglund
Christin Bergstrom
Allan Bernat
Glen Bloom
Garnett Boernke
G R Boucher
Dave Branson
Rae Broten
Robert Brumm
Walter Brunzman
Lawrence Bugge
Michael and Betty Burckhardt
T J Burggraf

Spiro Burgner
Jane Button
Pat Calchina
D C Callaghan
Clarence Callies
Adrienne Cameron
Ed Campton
Claudia Card
David Carlson
Kurt Carlson
Helen Caul
C C Cernohous
Harold Christensen
Martha Christensen
Kris Cody Johnson
S H Cohen

Bill Colby
Ben Conklin & Sara Ishado
Mary Jane Conley
Shirley Conlon & Jess Brown
David Cooper
Mr. and Mrs. Michael Coplien
Brian and Karen Copp
Max Cothron
Stanley Cottrell
Mr. David Cunningham
Bonnie Czappa
Darlene Dahm
Ronald Delain
Mary Diamon
Gwyn Doss

continued on page 5 ➔

New CUB Members

continued from page 4

Roger Draeger
David Dumbleton
John Eglsaer
William Emmons
Jennifer Erdmann
Richard Erdmann
Michael Eshman
Rene Farias
Donald Field
Sally Field
Lorraine Fiet
Edith First
T J Gallagher
Mark Garnaas
Shawn Gensch
Harold Giese
Liz Ginke
Gary and Martha Girdaukas
Harold Glawe
Darlene Gnewuch
Polly Goldberg
Diane Goldschmidt
Daniel Goodman
Gerald Goralski
Joyce Goulet
Ellen Granger
Paul Grunwald
Betty Hafemann
Josephine Haffenbredl
Marc Hagen
Joan and Gordon Hale
Arthur Hansen
Bernard & Kathleen Hansen
Gerald Hanus
James Harasymiw
Gerry Harrison
Paul Helgeson
Gordon Heraly
Clark High
Nina Hirsch
Walter Hodel
Julie Hoel
David Holmes
Alana Holt
Joyce Holzwarth
Kay Hong
Alice Huhtala
Thomas A. Jackson
Brett Jarman
Frederick Jones
Rufus Jones
Ralph Kalies
Susan Kapanke
Karen Kappell
Gerald Karpinski
Kenneth Kazmar
Elaine Kemp
Doris Kies
Scott Kirby
Ann Kleckner
James Klein
Karen Klug
Barbara Kobs
Larry and Marie Koch
Bernard Koenigs
Keith Komassa
Doris Kontos

Lorraine Kornely
Vince Kotnik
Leland Krebs
Susan Krueger
John Kuech
Raymond C Kujawa
Marie Kyle
Margaret Lacy
Irvine LaFleur
Clarice Landowski
Norbert Larson
Eugene Lavin
John Lawrence
Harlan Ledding
Kathryn Leide
Richard Leifer
Jim Lemar
Harlan Lepley
Gary Lindauer
Kenneth Lindemann
Randolph Lipchik & Ravenna
Helsohn
Bryan Lisser
David G. Lockwood Jr.
Dwayne Loest
Jon H. Lutgen
David Magruder
Shirley May
Peggy McAloon
Joann McCurdie
Calvin and Margaret McIntyre
Judith McNeil
Frederick J. Menzel
James Merhalski
Roberta S. Mieritz
Joseph Milanowski
Eileen Miller
Grace Miller
John Miller
Virginia Minor
Allan Mortensen
Judith Mott
J Nelson-Milleson
Richard and Nancy Nettesheim
George Newton
Carol Nickasch
Linda Norton
F E Novak
D R Oelstrom
Gail O'Keefe
Carol and Robert Olsen
Michael O'Meara
Kenneth O'Reilly
Edith Osborn
Paul Otto
John and Caroline Overzet
Richard Patten
Patrick Patterson
David Patton
Leslie Paulson
Janet Payne
Bonnie Pedraza
Stephanie Peloquin
Ralph Peterson
Tim and Claudia Ploeger
Joe Pontillo
Rosalie Ponzio

Stewart Procknow
John Prosser
Dorothy Prouty
Daniel Pulsfus
Lavon Rader
Robert Radlowski
Geo Ramponi
Gary Ray
Dale Reuter
Christine Rhode
Teresa and Brad Richardson
John Rinehart
Dragisa Ristic
Arlene Rogan
Judi Roller
Hal Rosenberg
Fama Rule
Joseph Rychwalski
Mrs Ronald N Satz
Anita Sauer
Robert Scharlau
Steve Schmidt
Richard Schreiber
Russ Schrunner
Alice Schroeder
Charles Schubert
Sue Ann Schuh
John Schultz
Melvin Schwartz
Barbara Schweischweimer
Peter Seely
Thomas Segnitz
Gary Selter
Michael and Carol Shank
Julia Shay
Gerald Shortt
John Sieber
Robert Simon
Sue Simon
Janice Sisley
Skinner Construction Inc
Kathleen Smith
Mary Smith
Roland Smjekal
Franklin Snodgrass
Wanda Sommer

Albin Sowka
Cheryl Spencer
Bonnie Staff
David Steele
L A Sticks
Gene Stokes
Marion Stuart & Alden Hoefler
Denise Sullivan & Bernard
Schmelzer
Eleanor Sullivan
Alice Swallum
Norman Szoke
Margaret Tagliana
Robert Thomas
Charles Toman
James Trachsel
Pastor Frederick Trost
Albert Trotalli
Paul Untiet
Mary Upshaw
David and Pamela Van Doren
Carleen Vanderkoy
Gene Vangalder
Barbara Vieiralves
Susan Carol Vogt
William Volkman
James Wagman
James Waydick
Sybil Weinstein
Julie Weiskircher
Earl Wellhhouse
David Wernecke
Jeanette Wheat
Marta White
Stephanie White
Peggy Wiese
Sharon Williams
Warren Williams
John Withbroe
Raymond Wondergem
Toni Yeske
Sarah Zanoni
Joe Zdon
Jeffrey and Bonita Zdrale
Carrie Zoromski

***CUB saves \$1,000
for every
\$1 contributed***

CUB Helped Save Ratepayers \$143 Million in 2011

continued from page 1

permission to build and own a 50-megawatt cogeneration power plant that would burn wood and produce steam as well as electricity. Domtar Corporation, a paper company located near Wausau, would use the steam produced by the plant.

We Energies proposed this project in part to comply with Wisconsin's "renewable portfolio standard," which requires electric utilities to sell at least 10 percent renewable electricity by 2015.

CUB submitted testimony in opposition to the plant, because of its very high costs of nearly \$5,800 per kilowatt. CUB also pointed out that Domtar would get a sweetheart deal on the steam produced by the plant, and that We Energies' ratepayers would pay hundreds of millions of dollars in higher electric rates that should be paid by Domtar.

The PSC approved the power plant on May 5, 2011, and the PSC agreed with CUB that Domtar must pay more for the steam in order to reduce costs to ratepayers of We Energies. The PSC also required the shareholders of We Energies to contribute more to the plant. CUB's intervention saved ratepayers of We Energies at least

\$32 million.

We Energies, Fuel Rules for 2012, 6630-FR-103

On August 3, 2011, We Energies filed an application with the PSC, requesting an increase in electric rates of \$50.0 million, or 1.8 percent, to cover higher costs for fuel to make electricity.

We Energies proposed to reduce the rate increase by \$26 million, which it received in a settlement with the U.S. Department of Energy for the federal government's failure to take possession of nuclear waste from the Point Beach Nuclear Power Plant.

The PSC issued its final decision on January 5, 2012, deciding that We Energies could not increase electricity rates.

In making its decision, the PSC agreed with CUB and reduced We Energies request by \$0.9 million regarding the appropriate time period for calculating "equivalent forced outage rates" for its power plants. The PSC also agreed with CUB regarding the appropriate time period for estimating "day-ahead make whole payments" from the Midwest Independent Transmission System Operator

(MISO), reducing the rate increase by \$2.4 million. The PSC also agreed with CUB that rates should not be increased by \$6.7 million because We Energies may not have to pay MISO tariffs for "revenue sufficiency guarantees."

In total, CUB saved ratepayers about \$10 million in this proceeding.

Wisconsin Public Service Corp., Re-opener of Rate Case for 2012 Rates, 6690-UR-120

On May 2, 2011, WPS filed an application with the PSC to increase electric rates by \$33.7 million, or 3.5 percent. WPS modified its request on August 19, 2011 to an increase in electric rates of \$64.2 million or 6.7%. WPS said that complying with EPA's Cross-State Air Pollution Rule would cause some of the increase in electric rates. WPS also pointed to rising costs for fuel for making electricity.

CUB hired La Capra Associates as an expert witness to review fuel costs, compliance with the new rules for recovery of the cost of fuel to make electricity, and rate options for complying with the air pollution rule.

continued on page 7 

*As you are making your estate plans
please keep CUB
in mind.*

CUB Helped Save Ratepayers \$143 Million in 2011

continued from page 6

The PSC issued its final decision on December 9, 2011, allowing WPS to increase electric rates by \$8.1 million, or 0.9 percent, and to decrease natural gas rates by \$7.2 million, or 2.0 percent. In an unusual and welcome twist, residential and small commercial customers won't pay higher electric rates in 2012; the electric rate increase of \$8.1 million will be borne entirely by large commercial and industrial customers.

In reaching its decisions regarding rates for 2012, the PSC agreed with CUB and others to reduce the request by \$24.6 million, which WPS had sought to comply with the air pollution rule. The PSC agreed with CUB that WPS shouldn't charge ratepayers upfront for these costs, but rather track the costs for complying with the rule for possible recovery in the future.

Due to contributions to energy efficiency programs that WPS customers have been making since 2009, Focus on Energy had a surplus of unspent funds of \$26.7 million in May 2011. Therefore, CUB and WPS agreed not to collect \$22.8 million from residential and small commercial electric and gas customers during 2012 for energy efficiency programs in WPS's territory. Instead, WPS and Focus on Energy will use the surplus of unspent funds to run the energy efficiency programs through December 2013, a year longer than originally planned.

In addition, CUB and WPS agreed that "decoupling" surcharges and credits would cancel each other out, which reduced the requested rate hike by \$14.1 million.

In total, CUB was able to reduce

WPS's rate increase by \$61.5 million, with WPS agreeing with CUB that \$36.9 million should not be included in rates for 2012.

Xcel Energy, Rates for 2012, 4220-UR-117

On June 1, 2011, Xcel Energy filed an application with the PSC to raise electric rates by \$21.9 million or 3.8 percent. On June 15, Xcel increased its rate hike request to \$29.2 million, or 5.1 percent.

Xcel said that the proposed increase in electric rates was due to improvements made to various power plants, transmission lines, and distribution systems. Xcel also expected higher costs for fuel for making electricity in 2012.

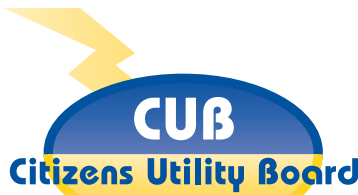
CUB intervened in the case, and hired La Capra Associates and Resource Insight as expert witnesses. Our experts suggested ways to reduce the rate increase by having Xcel change "equivalent forced outage rates" for its power plants, develop appropriate estimates of market prices for electricity, defer compliance costs for the EPA's Cross-State Air Pollution Rule, and use appropriate "production capacity

allocators" to help in setting appropriate rates. Our experts also recommended ways to allocate costs between residential and industrial customers so that all pay their fair share; Xcel's proposal would have had industrial customers paying lower rates at the expense of higher rates for residential customers.

The PSC issued its final decision in the case on December 22, 2011. The PSC agreed with CUB regarding the appropriate estimates of market prices for electricity, reducing the rate increase by \$1.0 million. The PSC also agreed with CUB and reduced Xcel's return on equity (profit) to 10.4 percent from Xcel's request of 10.75, resulting in a savings of \$2.6 million.

Finally, the PSC agreed with CUB and Xcel that customers should receive \$13 million from a settlement with the U.S. Department of Energy, regarding the federal government's failure to take possession of nuclear waste from Xcel's nuclear reactors in Minnesota. Xcel customers will receive the settlement proceeds through a one-time credit on a 2012 electric bill.

CUB
fighting the utilities
saving you money!



16 N. Carroll St. Suite 640
Madison WI 53703

NONPROFIT Org.
U. S. Postage
PAID
Madison WI
Permit No. 949

RETURN SERVICE REQUESTED



**Since 2008 CUB Has Helped Save
\$1.9 Billion!**

Change of address? Please print changes on mailing label and return to Citizens Utility Board.

CUB Launches New Website and Social Media

CUB recently launched a new and improved website and started using social media. Our new website has several significant improvements plus all of the critical information from our old website. Our new social networking capabilities on Facebook and Twitter allow us to bring you the latest CUB-related news throughout the day.

The new CUB website (www.wiscub.org) contains important utility-related news from our state, nation, and around the world in the “Latest News” segment – think of it as your one-stop-shop for the latest information on utility activities, renewable and energy conservation developments, and the politics of important energy legislation.

The “CUB Spotlight” section shines a bright light on the latest CUB activities and programs. We also highlight important CUB Action Alerts so you can help CUB win more victories.

Speaking of our Action Alerts, the CUB website now has the capability to help you send important messages directly to your political representatives simply and easily, with just a few clicks (even if you don’t know who they are!). This technology will help

you make your voice heard on important utility issues. You can also sign up to receive important periodic emails from CUB on critical CUB issues and programs. Sign up here:

(<http://wiscub.e-actionmax.com/signup.asp>)

CUB is now on Facebook (www.facebook.com/wiscub) and Twitter (<http://www.twitter.com/CUBWI>) – please “Like” us on Facebook and “Follow” us on Twitter! Our Facebook and Twitter presence gives us the ability to bring you important news in ‘real-time’ throughout the day. And, very importantly, it gives you the ability to share important CUB news and information with your ‘friends’ and ‘followers.’ You can help CUB get vital information to tens of thousands of Wisconsin ratepayers quickly and efficiently, and together we can WIN!

